

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN	THE	MATTEI	R OF T	THE INI	IANA)		
UTI	LITY	REGULA	TORY (COMMISS	ION'S)	CAUSE NO. 4	14332
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AN]	D ITS	S COMP	LIANCE	WITH	THE)	APPROVED:	APR 1-7 2013
		OF THIS ()		

ORDER OF THE COMMISSION

Presiding Officers: Larry S. Landis, Commissioner David E. Veleta, Administrative Law Judge

On January 25, 2012, the Indiana Utility Regulatory Commission ("Commission") issued an Order in Cause No. 41052 ETC 60 (the "Order") granting TerraCom, Inc.'s ("TerraCom") application for designation as an Eligible Telecommunications Carrier ("ETC") for the limited purpose of participation in the Universal Service Fund's Lifeline program.

Since the issuance of the Order, TerraCom has rapidly grown into one of the largest recipients of Lifeline disbursements in the State of Indiana. This level of growth appears unusual given the short amount of time in which TerraCom has been doing business in Indiana coupled with the limited number of sales representatives that were part of the business model presented at the ETC designation hearing. TerraCom's designation as an ETC in Indiana was made subject to an extensive list of conditions. Those conditions are outlined in the Commission's Order. Many of the conditions were aimed at addressing waste, fraud and abuse in the Lifeline program. Among those conditions was the requirement that TerraCom abide by the Federal Communications Commission ("FCC") 2011 Duplicative Program Payments Order.1 The Commission has now received information that the FCC ordered TerraCom to repay the Lifeline program \$416,000 plus interest for duplicative payments in Oklahoma. Finally, the Commission lacks sufficient information to determine whether TerraCom is in compliance due to the fact that TerraCom was not required to participate in the FCC's 2012 audit. Thus, pursuant to Indiana Code § 8-1-2-59, TerraCom is notified that the Commission finds that sufficient grounds exist to warrant a formal investigation into TerraCom's compliance with the Commission's Order.

1. <u>Commission Jurisdiction</u>. Pursuant to the Act, 47 U.S.C. §151 *et seq.*, and applicable FCC Rules, 47 C.F.R. §§ 54.201 and 54.203, the Commission is authorized to designate ETCs, thereby enabling those so designated to apply for federal universal service support under Section 254 of the Act and in accordance with the Commission orders of generic application in Cause Nos. 40785, 41052 and 42067. The Commission therefore has jurisdiction over the subject matter of this Cause.

¹ Lifeline and Link Up Reform and Modernization, Federal-State Joint Board on Universal Service, Lifeline and Link Up, Report and Order, CC Docket No. 96-45, WC Docket Nos. 11-42, 03-109, 26 FCC Rcd 9022 at para. 9 (2011).

2. <u>Scope of Investigation</u>. As noted above, since the issuance of the Commission's Order, TerraCom has displayed rapid growth in the State of Indiana. Unfortunately the Lifeline program has been subject to significant amounts of waste, fraud, and abuse. As a result, both the Federal Communications Commission ("FCC") and the Commission have adopted safeguards to deter waste, fraud, and abuse. The Commission's Order required among other things that TerraCom:

...shall provide the number of Indiana Lifeline customers that it enrolled during the previous quarter, with the data listed separately for each month. In these quarterly reports, TerraCom shall also report the number of deactivated Lifeline customers for each month in the previous quarter and the reasons for deactivation (e.g., no usage for 90 consecutive days, unsuccessful annual verification, or voluntary exit). Quarterly reports shall be filed with the Commission no later than 30 days after the end of each quarter. TerraCom will continue to make such quarterly filings until otherwise instructed by the Commission...

TerraCom, Inc., Cause No. 41052 ETC 60, 2012 Ind. PUC LEXIS 26, at 65 (IURC January 25, 2012). While the information submitted by TerraCom has proven to be useful, the information submitted does not explain how TerraCom has been able to accomplish such rapid growth in the State of Indiana and whether the practices involved are compliant with the Commission's Order and goal of minimizing waste, fraud, and abuse. Therefore, the purpose of this investigation is to determine whether TerraCom's growth is compliant with the Commission's Order.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

- 1. An investigation on the Commission's own motion is hereby commenced.
- 2. A preliminary hearing and prehearing conference to determine a procedural schedule for this investigation is scheduled for May 30, 2013 at 1:30 p.m. in Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana.
 - 3. This Order shall be effective on and after the date of its approval.

ATTERHOLT, MAYS AND ZIEGNER CONCUR; BENNETT AND LANDIS ABSENT:

APPROVED: APR 17 2013

I hereby certify that the above is a true and correct copy of the Order as approved.

Shala M. Coe

Acting Secretary to the Commission